

## (March 2, 2006) Statement on Workforce Empowerment and Government Programs

### STATEMENT

of the

Honorable Daniel Lipinski, Ranking Member

Subcommittee on Workforce Empowerment and Government Programs

Hearing on "Oversight of SBA Entrepreneurial Programs

and Recommendations for Change"

House Committee on Small Business

March 2, 2006

Thank you, Madam Chairman.

Our nation continues to face an uphill battle in creating jobs and ensuring that we remain an economic superpower. The global economy presents many challenges to our domestic firms, but this nation has always found a way to adapt and compete.

Small businesses - our main job creators - have proven time and again that when given the proper tools, they have the ability to spur growth by adapting to the changing needs of an evolving economy.

Our small business assistance programs are there to provide those tools, and we must ensure that these programs are able to adjust to meet the changing needs of America's entrepreneurs.

Today's hearing will give us an opportunity to identify ways to better serve small business owners by making sure our entrepreneurial development programs are evolving to meet the needs of the 21st Century. In addition, this hearing will allow us to assess the impact that the FY 2007 budget will have on programs that serve small businesses.

To achieve success, many aspiring entrepreneurs require solid management training, organizational skills, and technical assistance - all of which are provided by a host of SBA development programs. These initiatives - including the Small Business Development Centers (SBDC), Women's Business Centers (WBC), PRIME and SCORE - have provided new businessmen and women with a place to turn for assistance.

SBDCs, the cornerstone of SBA's entrepreneurial programs, have been particularly successful in spurring entrepreneurship and economic development. In 2003, long-term counseling of clients by SBDCs generated over 56,000

new jobs nationwide. In Illinois, SBDC's servicing the 3rd Congressional District counseled and trained over 4,000 clients in 2005, resulting in 1,430 jobs created and retained in our local communities.

SBDC funding is money well-spent. Studies have shown that for every dollar spent on SBDC services, the program returned nearly three dollars to the Treasury. Long term clients of the Illinois Small Business Development Center have generated a return of over four dollars in state and federal revenues for each dollar invested.

Small business programs serve a diverse clientele. My state's SBDC network, by partnering with the Illinois Hispanic Chamber of Commerce, provides small business development and start-up assistance to the strong and growing community of Hispanic business owners in southwest Chicago and surrounding communities.

Women's Business Centers fill a unique role by serving the nation's fastest growing business sector. As the number of female entrepreneurs continues to grow, so does the importance of this program. A nationally recognized leader in supporting women entrepreneurs, the Chicago Women's Business Development Center has served over 40,000 clients since 1986. It is truly a model for small business development. We need to ensure in the coming year that new centers are opened, and existing centers are able to continue operating.

Unfortunately, the administration's latest budget has again failed to make these and other programs a priority for small business owners. We continue to hear that the SBA has been able to do more with less - yet many of these initiatives have received severe funding cuts or even face elimination in the President's FY 2007 budget request.

Clearly, this year's budget request is not a good one for small businesses. In a report issued today, we saw that out of 100 programs government-wide that assist small businesses, 75 are facing severe cuts or elimination.

Not only do we need to address funding issues, but the SBA needs to be re-authorized this year. It is not enough to simply throw money at these programs. Small businesses face a new set of challenges when it comes to rising health care and energy costs, as well as increased foreign competition. It is imperative that the SBA and its programs evolve and adapt to meet the changing demands of business owners.

The administration's failure to adequately support and fund these programs, as well as provide for improvements, will only limit their ability to effectively serve America's entrepreneurs; our nation's small business owners deserve more than that.

We all have a common interest in ensuring our nation's small businesses succeed. If we want to move forward, provide new initiatives, and strengthen existing ones, then it is vital that we start here, with SBA's entrepreneurial assistance programs. I look forward to today's discussion, and hearing the testimony of the witnesses. Thank you.

